

THE FOLLOWING DOCUMENTS
ARE ATTACHED:
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ER 4144X/1 88

ER 4144 88

ER 4078X 88

ER 4144/2 88

ER 4215X-88

SUBJECT:

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Director, Security Evaluation Office

EXTENSION

NO.

ER 4215X-88

DATE

9 November 1988

STAT
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TO: (Officer designation, room number, and building)

08 NOV 1988

DATE

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OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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A note you may wish to send to Secretary Shultz concerning last Saturday's security seminar.

DCI
EXEC
REG

The Deputy Director of Central Intelligence

Washington, D.C. 20505

Dec -

I think this is overtaken
by the discussion you and I
had on Monday about a response
suggesting a trial run.

Bob.

The Director of Central Intelligence

Washington, D.C. 20505

The Honorable George P. Shultz
The Secretary of State
Washington, D.C. 20520

Dear Mr. Secretary:

I wish to thank you for the invitation to participate in last Saturday's security seminar at the Department. The presentation was professional and helped to focus the senior officials there on the counterintelligence and security issues confronting us and the Department overseas.

The discussion pointed up the tremendous amount of work yet to be done in developing security standards, practical standards, to protect diplomatic and consular posts from foreign intelligence activity. The Bureau of Diplomatic Security has made a commendable start on this essential task. You and your Inspector General spoke of the need to change the culture of the Department and the Foreign Service in the area of counterintelligence and security awareness. That is, in the judgment of all of us in the Intelligence Community, absolutely essential to the improvement of our defenses against foreign intelligence activity directed at the Department's presence overseas. Finally, you made the point that there is a disparity between the security requirements and the resources needed to meet them. Congress has, indeed, been more liberal with its advice than with the money. We all have faced those realities in the past few years as we have confronted the rather massive espionage challenge, especially by the USSR.

I believe that the Intelligence Community and the Director of Central Intelligence could do much more to help the Department in this important task if we could achieve better cooperation between the Bureau of Diplomatic Security and the DCI Security Evaluation Office. Implementation of the President's 1987 instructions in this regard could help across the spectrum of the problems we discussed Saturday.

Whether you wish to act on this issue or defer it to the next Secretary of State, you might consider the enclosed memorandum as the basis for further thought about implementing the 1987 directive.

Sincerely,

William H. Webster

Enclosure



~~CONFIDENTIAL~~

L-249-IR

SUBJECT: Letter to Secretary of State

Distribution:

STAT

Orig - Adse

1 - DCI

1 - DDCI

1 - ER

1 - SEO Chron/Hdqs

1 - SEO Chron/State

1 - State File

1 - HFH File

D/SEO/DCI

(9 Nov 88)

STAT

C O N F I D E N T I A L

D R A F T
8 November 1988

MEMORANDUM FOR: Mr. Robert E. Lamb
Assistant Secretary, Bureau of Diplomatic Security
Department of State

[Redacted]

STAT

Director, DCI Security Evaluation Office

SUBJECT: Implementing Instructions

REFERENCES: A. Secretary of State and Director of Central
Intelligence memorandum to the President dated
3 August 1987
B. Colin Powell memorandum to Secretary of State
and Director of Central Intelligence dated
22 October 1987

This is to clarify our mutual understanding on certain points
contained in the referenced memoranda.

The DCI Security Evaluation Office will, as
directed by the President in the Colin Powell
memorandum of October 1987, develop security
standards for protecting U.S. embassies from
foreign intelligence activities. These
standards will be provided to the Bureau of
Diplomatic Security for prompt review and
decision by the Secretary of State and promul-
gation to the Department and its diplomatic and
consular posts. Disagreements over standards
will be acted upon without delay by the DCI and
the Secretary; either party can take the issue
to the President.

C O N F I D E N T I A L

The departments and agencies represented in diplomatic and consular posts will meet or exceed the security standards established as described above by the Department of State for those posts. Each organization will manage its own personnel, physical, and technical resources in meeting these standards. The DCI Security Evaluation Office will monitor compliance with the standards. The Department of State will facilitate these independent monitoring and compliance inspections.

We wish to encourage Department of State officers to volunteer for reimbursable detail service with the DCI Security Evaluation Office. The value of developing an understanding of the Intelligence Community perspectives on the foreign intelligence activity directed at diplomatic and consular posts is self-evident. It is equally important to have State officers involved in the Security Evaluation Office so that we do not lose sight of the Department's primary mission overseas. These assignments for State officers will be

voluntary because service with the DCI Security Evaluation Office requires compliance with a different set of security requirements than established for State employees.

The Security Evaluation Office responsibility in the area of security standards and of monitoring compliance with them is not intended to impinge upon the authority of the Secretary of State or other agency heads to manage their personnel systems and to make their own selection of people for overseas assignments.

The annual report to the President will be prepared by the DCI in a way that reflects the views of the DCI and the Secretary of State. The President may forward the report to Congress.

2. The DCI Security Evaluation Office and the Bureau of Diplomatic Security will proceed with the implementation of the President's instructions as clarified by this memorandum.

George P. Shultz
Secretary of State

William H. Webster
Director, Central Intelligence Agency

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Meeting with Secretary Shultz on 5 November 1988

FROM:

EXTENSION

NO.

ER 4078X-88

Director, Security Evaluation Office

DATE

3 November 1988

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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①: due to bulk, the reading package mentioned paragraph is w/ Judge Webster's copy only.

DCI
EXEC
REG

L-249-1R

3 November 1988

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM:

[Redacted]
Director, Security Evaluation Office

STAT

SUBJECT: Meeting with Secretary Shultz on 5 November 1988

1. This package contains background references and reading material for the Saturday morning discussion of overseas security issues organized by Secretary Shultz.

2. This meeting, according to the action officers in the Bureau of Diplomatic Security, is considered to be another in the series of seminars organized for the Secretary on topics of contemporary interest. The seminars are held about once a month and you have been invited to some before; the discussion of Gorbachev and perestroika comes to mind.

3. Secretary Shultz's guidance on this seminar included the admonition that it was not to be focused on the Security Evaluation Office, but was to be a more general discussion of State security responsibilities. Accordingly, the Bureau of Diplomatic Security is preparing its presentations for three areas of concern: (a) protection of classified information overseas, (b) construction security and (c) protection of personnel against terrorist attack and against local disturbances.

4. The format of the seminar is described as similar to the previous ones. Deputy Secretary Whitehead will serve as chairman, introducing each topic with a brief mention of what he considers to be the principal issues or problems. Then, Assistant Secretary Lamb will brief (or introduce a briefer) for 15-20 minutes on the topic, explaining the challenges and how the Bureau of Diplomatic Security has met that challenge. Following the presentation, there will be an open discussion for 10-15 minutes.

5. In addition to the State contingent, we understand that Colin Powell, Barry Kelly, Frank Carlucci, Director Sessions, Lenny Perroots, and Bill Studeman have been invited. Studeman has designated Jim Hearn, his deputy for information security, to attend for him. The State contingent will include Shultz, Whitehead, Spiers, Lamb and others.

[Redacted]

S E C R E T

DCI
EXEC
REG

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6. The reading package contains point papers on the three areas of overseas security the seminar is to address. These papers highlight the major issues and some contain attachments with explanatory material. We have been selective with attachments because of the limited time to extract from larger pieces and your limited time for reading. Also, we have included material that you asked me to assemble. Much of this is off-the-shelf from the Office of Security and the Counterintelligence Center.

7. My guess is that Secretary Shultz wishes to demonstrate to this audience that State is fully aware of its responsibilities and is effectively discharging them. This would prepare the ground for an argument, perhaps in the transition forum, for modifying or rescinding the President's instructions to you contained in the October 1987 memorandum from Colin Powell.

8. There are some general points likely to be appropriate for the discussions. They are listed in no particular order because we have no way of knowing how Whitehead and Shultz will guide this meeting.

- o The DCI has no interest in assuming any part of the security mission currently, and properly, assigned to State.
- o The Intelligence Community does have both a responsibility and a capability to provide assistance to the Department with its security responsibilities.
- o The President's instructions in the October 1987 Colin Powell letter are designed to preserve the Secretary's prerogatives, responsibilities, and authorities while ensuring that the DCI is clearly tasked with providing Intelligence Community assistance to State. Those instructions also require the DCI to keep the President informed of problem areas and progress.
- o Protecting embassies from intelligence attack requires a holistic approach that matches the attack. All intelligence services work along the same lines, varying the priorities according to vulnerabilities of the target and the operating environment. A human asset with access to the secrets or the codes usually is easier to find and cheaper to exploit. The technical attack usually is the most difficult and the most expensive. Physical access is common to both methods and frequently is the sine qua non for the technical attack. Compliance with adequate physical and personnel security standards is the defense against technical attack.

- o No one claims the Intelligence Community is perfect in its physical, technical, and personnel security standards or compliance. The Community does have something to offer State in each of the cases, however. We will be stronger if we defend ourselves together rather than separately.

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- o The Laird Commission commented on personnel security standards and compliance issues in its discussion of State's Foreign Service Nationals and non-fraternization policies. Comments on the latter focused largely on the lack of clear policies, little reporting, and the major counterintelligence concerns.
- o The Schlesinger report made the point that physical security is a prerequisite for technical security. The integrity of a reconstructed embassy in Moscow depends upon physical, technical, and personnel security standards and compliance.
- o The Intelligence Community requires a great deal of coordination if we are to provide State the assistance it needs. The DCI Security Evaluation Office has been designed to provide this coordination in addition to the standards and compliance mission explicitly stated by the President.

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Attachments:
As stated

SUBJECT: Meeting with Secretary Shultz on 5 November 1988

Distribution: ER 4078X-88

Orig - Adse

- 1 - ER (w/o/atts)
- 1 - SEO Chron/Hdqs
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- 1 - HFH Chrono

D/SEO/DCI (3 November 1988)

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SUSPENSE

Date

Remarks

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ER 88-4144

3637 (10-81)

THANK STAT
Executive Secretary
2 NOV 88
Date
DCI
EXEC
REG

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Remarks

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ER 88-4144

Executive Secretary

2 NOV 88

Date

3637 (10-81)

STAT

1 November 1988

MEMORANDUM FOR: Director, Security Evaluation Office

FROM: Director of Central Intelligence

SUBJECT: Security Seminar, 5 November 1988

1. Secretary Shultz has invited me and Bob Gates to attend a Security Seminar on Saturday, 5 November, from 9:00-11:30 a.m. I originally thought he was going to permit me to bring you along, but I will find out about that on Thursday. Other invitees include General Powell, Director Sessions, NSA and others.

2. This is going to be essentially a Moscow seminar. I would appreciate it if you would prepare some talking points for me which cover:

- a. The basic problems identified by the various studies including problems in HUMINT and SIGINT and any major security breaches identified.
- b. A brief statement of SEO and the progress we have made notwithstanding the obstacles placed in our path.
- c. Any obvious things that need to be done, especially done by CIA.
- d. Any broader security vulnerabilities that you want me to put on the table, and which may or may not have been addressed by the Office of Diplomatic Security.

3. Although I'm not certain I want to do it, it may be necessary for me to remind Secretary Shultz that there was indeed a personnel failure, [REDACTED]

[REDACTED] and that foreign nationals made a lot of it possible. Any factual information or studies that you want me to have can be included.

4. Thank you.

WHS
William H. Webster

DCI
EXEC
REG

SECRET

Date: 10/31

TO: Judge


FROM: Peg

SUBJECT: SECURITY SEMINAR
SATURDAY, NOVEMBER 5th

REMARKS:

Secretary Shultz has invited you and Mr. Gates to attend a seminar on Saturday, November 5th, from 9 to 11:30 a.m. at the State Department, Conference Room on the 8th floor, to discuss Security Issues. Other invitees include General Powell, Director Sessions, NSA, and others.

You are planning to attend the wedding of Deecy Stevens at 12:00 Noon in Georgetown.

ACCEPT  _____

REGRET _____

Julie Crawford 647-6290
(Bob Lamb's office)

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Remarks

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Executive Secretary

2 NOV 88

Date

3637 (10-81)

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Remarks

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ER 88-4144X1

Executive Secretary

2 NOV 88

Date

3637 (10-81)

THE SECRETARY OF STATE
WASHINGTON

November 1, 1988

Dear Bill:

Fundamental to proper conduct of our foreign policy is assurance of the safety and security of the people, the facilities and the programs that serve U.S. interests overseas. The threat, whether from terrorists or from hostile intelligence activity, is increasingly sophisticated and the effort we mount to meet that threat must be more than equally professional and effective.

I am asking a small number of colleagues to join me in a discussion of these issues Saturday, November 5 at the State Department. I have asked the Bureau of Diplomatic Security to organize, as a basis for discussion, a series of brief presentations on the security challenges and the effort we have undertaken to meet those challenges. We will meet at the Department from 9:00 a.m. to 11:30 a.m. The meeting will be informal, and of course, off-the-record. I hope you will be able to join us. Please let my office know whether you can attend.

Sincerely yours,



George P. Shultz

The Honorable
William H. Webster,
Director of Central Intelligence.



L-249-IR